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SUBJECT: DRC MINING EXTRACTS, #4

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[1](#)B. KINSHASA 187

[1](#)1. (U) Summary. The GDRC's mining contract review commission is expected to begin meeting the week of June 4. GDRC officials have announced investigations into London AIM-listed CAMEC and its purchase of shares in the George Forrest-associated Katanga Mining Company. Diamond mining parastatal MIBA has a new management board. DeBeers continues diamond exploration in the Kasai provinces. The U.N.'s Office of Internal Oversight Services is investigating allegations that Pakistani peacekeepers engaged in gold and arms trafficking in Ituri in 2004-2005. End summary.

GENERAL MINING SECTOR NEWS -----

[1](#)2. (U) The first formal meetings of the DRC's mining contract review commission are set to occur the week of June 4, although the commission does not yet have financing (reftel A).

[1](#)3. (U) Katanga Governor Moise Katumbi continues to restrict companies from exporting unprocessed ore from the province without a prior agreement permitting them to do so.

[1](#)4. (U) The World Bank is preparing to release its mining sector review, conducted earlier in 2007, as soon as mid-June.

[1](#)5. (U) The criminal case in Katanga province involving Anvil Mining (reftel B) resumed proceedings in May after military officials twice replaced the prosecutor.

COPPER/COBALT -----

[1](#)6. (SBU) London AIM-listed CAMEC's purchase of 22 percent of the Toronto Stock Exchange shares of Katanga Mining Company for several hundred million dollars has drawn the attention of Congolese officials. Katanga Mining is the holding company for Kamoto Copper Company, a joint venture between George Forrest enterprises and Gecamines to develop a project in Kolwezi, Katanga. According to MONUC reports, the Katanga Provincial Assembly has formed a commission to investigate the legality of Katanga Mining's listing of shares, which some provincial deputies claim occurred without the permission or knowledge of Gecamines or provincial officials. Officials also allege that neither the provincial government nor Gecamines will receive any proceeds from Katanga Mining's share sales.

[1](#)7. (SBU) The Vice Minister of Mines, Victor Kasongo, has

announced a related investigation into CAMEC, publicly stating the GDRC's concerns about the company are based on alleged outstanding charges against its shareholder Billy Rautenbach, a former Gecamines CEO. Kasongo also said the GDRC suspects the transaction is a money laundering scheme. In a May 15 letter to Kasongo, CAMEC's attorneys denied Kasongo's claims and labeled them as defamatory.

DIAMONDS

¶8. (U) The Minister of Portfolio replaced the chief executives of the diamond mining parastatal, MIBA, on May 8, citing their inability to make the heavily-indebted company profitable. The Minister also announced measures to address demands of MIBA employees, including payment of salary arrears, thus ending the employees' strike. To pay salaries, MIBA borrowed from a commercial bank and used mining titles as collateral, sparking rumors that the bank - which does business with several diamond sector operators - was buying MIBA.

¶9. (SBU) In early May a DeBeers Diamond Company manager in the DRC told EconOff its exploration efforts, ongoing for more than a year in the Kasai provinces, have uncovered 15-18 Kimberlite pipes. However, the official did not say how many may yield marketable diamonds. DeBeers' goal is to be operating two mines in the DRC by 2010. DeBeers entered into joint-venture agreements with MIBA and other partners in 2005.

GOLD

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¶10. (U) International and local media have reported allegations that Pakistani peacekeepers in Orientale province trafficked gold and arms in 2004 and 2005. The troops are alleged to have illegally obtained gold from a concession in Mongbwalu, Ituri District and sold the gold, as well as arms, to Congolese militia groups. The U.N.'s Office of Internal Oversight Services is investigating the allegations.

URANIUM

¶11. (U) U.K. company Brinkley Mining continues to press the GDRC to grant its subsidiary, Brinkley Africa, uranium exploration rights in Katanga pursuant to a 2006 Memorandum of Understanding approved by the Ministers of Mines and Scientific Research.

MEECE